



EXECUTIVE REGULATION

Montgomery County Fire and Rescue Commission

No.:

25-96

Effective Date:

April 29, 1997

TITLE: PURCHASING, CONTRACTING AND FIXED ASSET
MANAGEMENT PROCEDURES

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Montgomery County Fire and Rescue Commission Regulation

PURCHASING, CONTRACTING AND FIXED ASSET MANAGEMENT PROCEDURES

Executive Regulation No. 25-96

Issued by: Montgomery County Fire and Rescue Commission

Authority: Montgomery County Code Sections 21-4B(e), 21-4V

Supersedes FRC AP 6-1, Purchasing and Contracting Procedures, 11/30/81

Council Review: Method 2

Register Volume 13, Issue 12

Effective Date: April 29, 1997

SUMMARY: This proposed regulation provides procedures by which the fire and rescue Corporations of Montgomery County may purchase goods and services with appropriated tax and grant funds and account for and dispose of fixed assets purchased with these funds.

DEADLINES: Montgomery County Fire Board Review: December 31, 1996
Dept. of Fire and Rescue Services Review: December 31, 1996
Fire and Rescue Corporations Review: December 31, 1996
Montgomery County Register Review: December 31, 1996

ADDRESS: Address all comments pertaining to the proposed regulation to George Giebel, Chairman, Montgomery County Fire and Rescue Commission, 12th Floor, 101 Monroe Street, Rockville, MD 20850.

STAFF: For additional information, you may contact Beth Feldman, Administrative Specialist, Montgomery County Fire and Rescue Commission, on 217-2461.

Sec. 1. Purpose: To establish uniform procedures by which the fire and rescue Corporations may use County tax and grant funds to procure goods and services at the best reasonable price, and to account for and dispose of fixed-assets purchased with these funds.

Sec. 2. Applicability. This regulation applies to all fire and rescue Corporations which receive and expend County tax and grant funds.



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Sec. 3. Definitions.

- a. Board of Directors/Trustees. The governing body of the independent fire and rescue Corporations, as constituted by their individual by-laws.
- b. Competitive Bid Process. The process by which vendors are provided with minimum valid specifications, including a description of the goods or services to be procured, so they can respond with bids for the Corporations to review. The competitive bid process evaluates the cost as well as the reliability and delivery capability of all vendors.
- c. Corporation. A fire or rescue corporation established in the County, authorized to provide fire, rescue, or emergency medical services.
- d. Emergency. An unsafe condition endangering health, life or property, possibly resulting in unforeseen curtailment or termination of an essential service, thereby requiring immediate corrective action.
- e. Fixed Asset. An item which originally costs \$1,000 or more and which has a useful economic life of more than one year, e.g., the individual components of a SCBA refill system, a vehicle lifting device in a maintenance bay, hydraulic bolt cutters, office equipment, furniture, tools, EMS equipment, etc. Fixed assets must be controlled for custody purposes and are budgeted in both the Operating Expense and the Capital Outlay sections of the Corporations' Operating Budgets.

(Items which cost more than \$1000 but then become a permanent part of a structure or the surrounding property (e.g., sliding poles, overhead doors, fuel tanks, etc.) are not considered fixed assets.)
- f. Purchase Order. A pre-numbered document required to initiate the purchase of goods and services from any tax operated account, to initiate, process, and document purchases when approved and submitted to vendors.
- g. Purchasing Officer(s). Individual(s) selected from the Corporation's volunteer uniformed personnel, its board of directors/trustees, or its employees, who will be responsible for the purchase of the Corporation's routine goods and services not exceeding \$1,000. The Corporation's chief or president reviews the actions of the Purchasing Officer and therefore must not serve in this capacity.



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h. Sole Source Procurement. A non-competitive award which may be justified if there is a valid public purpose and one or more of the factors below exist:

1. only one source exists for the required goods, service, or construction which can meet the Corporation's minimum valid needs;
2. only one source can meet the required valid performance or delivery due dates;
3. only one source can provide the required compatibility of equipment, accessories or replacement parts.

i. Tax and grant funds. Those monies appropriated by the County Council on an annual basis for the use of the Corporations to operate the various stations, including State 508 funds.

Sec. 4. Policy Statement. It is the policy of the Fire and Rescue Commission to ensure that all **tax and grant funds** appropriated and budgeted for use by the fire and rescue **Corporations** are fully accounted for; that the maximum value of goods and services is secured at the lowest possible price for all expenditures; that goods and services are sought via competitive bid where appropriate and efficient; and that all **fixed assets** which the **Corporations** purchase with **tax and grant funds** are accounted for consistent with appropriate methods of inventory control and sound business practices.

Fixed assets must also be disposed of appropriately to maximize their useful life to the fire and rescue system and provide the greatest return value to the County, commensurate with condition.

Sec. 5. Procedure. All **Corporations** which receive County **tax and grant funds** must follow the procurement procedures below to purchase goods and services with these funds and to control, account for and dispose of **fixed assets**. **Corporations** may establish more restrictive policies and practices at their discretion.

I. Purchasing.

- a. Each **Corporation** must designate at least one **Purchasing Officer** authorized to initiate the purchase of routine goods and services not exceeding \$1000.



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- b. Proposed purchases exceeding \$1,000 must be approved through the Corporation's established review authority or chief, president, or board of directors/trustees before execution.
- c. At least 3 oral quotes should be obtained where possible for all purchases not exceeding \$3000, except for the payment of utility expenses.
- d. A purchase order must be used to purchase all goods and services and capital equipment. Non-discretionary expenses such as fuel, electricity, gas, telephone bills, and refuse removal are exempt from this requirement because the monthly statement from these vendors effectively constitutes a purchase order.
- e. The individual approving the purchase order must not be the corporate official who authorizes the payment for these goods or services.
- f. At least 3 written bids must be obtained for purchases of \$3,000 or more. If three bids cannot be obtained, or if there is sufficient justification for sole source procurement, this must be documented by the Corporation's chief or president and made a part of the purchase record.
- g. Prior approval is not required to initiate the emergency repair of fire and rescue vehicles or buildings; however, the Corporation's chief and president must be consulted before any actions are taken and kept informed of their potential costs. Emergency repairs must be documented with a full written rationale, including completion of a normal purchase order within 48 hours of the occurrence.
- h. All awards must be based upon the lowest price meeting the minimum valid specifications or scope of work.
- i. A list of the previous month's expenditures must be provided to the Corporation's board of directors/trustees at each of their periodic meetings for review.
- j. A written record of all competitive and sole source transactions and documents must be retained for at least 5 years.



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II. Control and Accountability of Fixed Assets.

- a. **Corporations** must label each item with a numbered inventory tag and develop and maintain an inventory list of all fixed assets. The inventory list must include:
 1. a description of each fixed asset;
 2. its manufacturer, serial number, and/or model number;
 3. the vendor's name;
 4. the purchase date;
 5. the purchase price;
 6. its current condition (excellent, good, poor);
 7. if applicable, the date of disposal, to whom, and the selling price.
- b. **Corporations** must conduct a physical inventory and update their lists annually in July or August. A copy of the updated inventory must be submitted to the Fire and Rescue Commission along with the Corporation's annual budget request.
- c. **Corporations** must also submit a report to the Fire and Rescue Commission listing all fixed assets which are no longer used because they have become obsolete or surplus to the Corporation's needs.
- d. Items which are mounted on apparatus and other equipment normally controlled and inventoried by the Department of Fire and Rescue Services are exempt from Corporation inventory list requirements.



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III. Disposal of Fixed Assets.

- a. The Fire and Rescue Commission may transfer serviceable **fixed assets** among **Corporations** or the FRC, Department of Fire and Rescue Services, or PSTA rather than approving requests to purchase new or additional stock of the same or similar types.
- b. **Fixed assets** which a **Corporation** or the FRC, DFRS, or PSTA considers to be surplus, obsolete, or unusable must first be offered gratis to other **Corporations** or Montgomery County fire and rescue service entity by memorandum.
- c. If no other **Corporation** or Montgomery County fire and rescue service entity requests the surplus fixed assets, the **Corporation** may sell them to the highest responsible bidder, after public notice is given. Funds obtained from the sale must be deposited in the **Corporation's** tax account and shown as income.
- d. When selling a fixed asset, the **Corporation** must select from the disposition methods below the one which will yield the greatest return to the County. These methods include:
 1. competitive sealed bid;
 2. competitive auction sale;
 3. trade-in; or
 4. exchange for fixed assets which are currently needed.
- e. If these methods are inappropriate or fail to produce a fair price in the opinion of the **Corporation**, the **Corporation** may, with the Fire and Rescue Commission's prior written approval, negotiate the disposition of the material. The preferred option is to donate the item as a gift to a public or quasi-public agency within the County or an adjoining-jurisdiction, or within the State of Maryland.



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Sec. 6. This Executive Regulation supersedes FRC Administrative Procedure No. 6-1, "Purchasing and Contracting Procedures."

Sec. 7. Severability. If a court of final appeal holds that any part of this regulation is invalid, that ruling does not affect the validity of other parts of the regulation.

Sec. 8. Effective Date. A regulation adopted under Method 2 becomes effective when the Council adopts a resolution approving it, or on a later date specified in the regulation. If the Council takes no action within sixty calendar days after receipt, or by any later deadline set by resolution, the regulation is effective the day after the deadline for approval, or on a later date specified in the regulation.

Attest:

George Giebel
George Giebel, Chairman
Fire and Rescue Commission

3/12/97

Date

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APPROVED BY THE BOARD OF COUNTY COMMISSIONERS
DATE 3-10-97
BY Chris Malone